

**A RESOLUTION
BY TRANSPORTATION COMMITTEE**

12-*R*-1774

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT TO MASTER CONCESSION AGREEMENT (FC-6007000034) WITH AREAS ARM ATLANTA, JV FOR RETAIL CONCESSIONS 2007, PACKAGE NO. 1, WHICH AUTHORIZES AN ADDITIONAL 4,220 S.F. TO ITS PREMISES DUE TO THE CONCOURSE C AND CONCOURSE D MIDPOINT EXPANSION PROJECTS; AND EXERCISE THE CITY'S OPTION TO RENEW THE MASTER CONCESSION AGREEMENT THREE YEARS, EXPIRING ON SEPTEMBER 30, 2018; TO ALLOW AREAS ARM ATLANTA, JV TO FULLY AMORTIZE ITS INVESTMENT TO DEVELOP THE ADDITIONAL SPACE.

WHEREAS, the City of Atlanta, Georgia ("City") owns and operates Hartsfield-Jackson Atlanta International Airport ("Airport"); and

WHEREAS, Retail Packages 1, 5, 9, 10, and 11 were awarded to Areas ARM Atlanta, JV ("Areas") under FC-6007000034; and

WHEREAS, the City entered into a Master Concessions Lease Agreement FC-6007000034 dated as of September 5, 2008, to provide retail concessions services at the Airport on Concourses T, A, B, C, D and the Atrium; and

WHEREAS, the City commenced two projects for the midpoint expansion of Concourses C and D that closed six retail locations totaling approximately 4,389 square feet of floor space; and

WHEREAS, the Concourse C expansion will add approximately 52,000 total square feet of floor space and substantially improve passenger circulation, reduce congestion, improve customer service levels and add passenger amenities including new and larger food and beverage retailers and a mix of other retail options; and

WHEREAS, the Concourse D expansion will add approximately 60,000 total square feet of floor space and substantially improve passenger circulation in the concourse, reduce congestion, alleviate overcrowding and enhance customer service by improving vertical transportation between the Airport People Mover and the concourse.

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, that the Mayor is authorized on behalf of the City to execute an amendment to Master Concession Agreement FC-6007000034, which will (a) add approximately 4,220 square feet of floor space to the leased premises due to the Concourse C and Concourse D midpoint expansion projects and (b) exercise the City's option to extend Master Concession Agreement FC-6007000034 for three (3) additional years, which will allow Areas ARM Atlanta, JV to make certain capital improvements to the expanded premises and amortize the costs associated with development of the additional space.

BE IT FURTHER RESOLVED that the City Attorney is directed to prepare the amendment to Master Concession Agreement FC-6007000034 and any other appropriate agreements for execution by the Mayor.

BE IT FINALLY RESOLVED that said amendment to the Master Concession Agreement shall not become binding upon the City, and the City shall incur no obligation or liability until same has been signed by the Mayor, attested to by the Municipal Clerk, approved as to form by the City Attorney and delivered to Areas ARM Atlanta, JV.

Part II: Legislative White Paper: (This portion of the Legislative Request Form will be shared with City Council members and staff)

A. To be completed by Legislative Counsel:

Committee of Purview:

Caption:

Council Meeting Date:

Requesting Dept.:

FAC Confirmed by:

B. To be completed by the department:

1. Please provide a summary of the purpose of this legislation (Justification Statement).

The purpose of this legislation is to (i) add a net total of 4,220 s.f. to its premises due to the Concourse "D" and Concourse "C" Midpoint Expansion projects; (ii) exercise the City's option to extend the Master Concession Agreement three years, expiring on September 30, 2018; and (iii) add an additional three years to the Master Concession Agreement, expiring on September 30, 2021 to allow Areas ARM Atlanta, JV to fully amortize its investment to develop the additional space which will be more than \$4 Million. The Minimum Annual Guarantee (MAG) will increase from \$6,204,000 to \$6,963,884.

All other terms and conditions set forth in the Master Concession Agreement shall remain in place.

2. Please provide background information regarding this legislation.

The Concourse D Midpoint Expansion project includes the total renovation/expansion of the Concourse "D" passenger service area of approximately 60,000 square feet in order to alleviate overcrowding and improve vertical transportation between the Airport People Mover and the concourse.

Construction entails the selective demolition of the midpoint concessions and structure at Concourse D as well as construction of new three (3) story building area. The new structure is a concrete frame with metal panel and glass skin. The project consists of new concessions including retail space, additional escalators, interior finishes and new Mechanical, Electrical, Plumbing, and Airport Special Systems within the expansion area. This project also includes modifications to apron paving, gate striping at six gates and one fixed boarding bridge extension. The project began construction in December 2011 and has a substantial completion date in July 2013.

The Concourse "C" Midpoint Expansion project will substantially improve passenger circulation as well as improve customer service levels with additional passenger amenities including new and larger Food & Beverage outlets and mixed retailing. The total renovation/expansion area is approximately 52,000 square feet. Two new escalators banks from the APM will be included in this project along with 2 new elevators to assist with concession deliveries which will allow the two existing elevators that go between the APM level and the Concourse level to be used exclusively for passengers. The project is scheduled to begin in the latter half of 2013 with a completion date scheduled for July 2014.

Areas ARM Atlanta, JV (Areas/ARM) operates the Retail concessions on both Concourse "C" and "D":

1. Due to the expansion of Concourse "D", Diverse News & Gifts and Buckhead Books (totaling 1,470 s.f.) will close resulting in a loss of 36% of sales (\$3 Million), 13 employees laid off, loss of back of house operation and additional expenses for closing locations and setting up temporary kiosks.
2. Upon the completion of Concourse "D" expansion, Areas/ARM will have invested \$4 Million to complete its leasehold area (\$608/s.f.) resulting in an increase in sales of \$36.7 Million equating to \$8.6 Million in rent to the City, 34% increase in News & Gifts sales per enplanement, 110% increase in Specialty Retail sales per enplanement, 49% ACDBE participation and create 40 new jobs.
3. Due to the expansion of Concourse "C", Diverse News & Gifts, ATL Today, Swarovski, All ATL and Brookstone (totaling 4,176 s.f.) will close resulting in a loss of 52% of sales (\$6 Million) loss of back of house operation and additional expenses for closing locations and setting up temporary kiosks.
4. Upon the completion of Concourse "C", Areas/ARM will have made additional investment into developing its leasehold areas resulting in an increase in sales and offering more opportunities for ACDBE operators as well job creation.

3. If Applicable/Known:

- (a) **Contract Type (e.g. Professional Services, Construction Agreement, etc):** N/A
- (b) **Source Selection:** N/A
- (c) **Bids/Proposals Due:** N/A
- (d) **Invitations Issued:** N/A
- (e) **Number of Bids:** N/A
- (f) **Proposals Received:** N/A
- (g) **Bidders/Proponents:** N/A
- (h) **Term of Contract:** N/A

4. Fund Account Center (Ex. Name and number):

Fund: _____ Account: _____ Center: _____

5. Source of Funds: *Example: Local Assistance Grant*

6. Fiscal Impact: Revenue Producing Contract

Example: This legislation will result in a reduction in the amount of _____ to Fund Account Center Number _____.

7. Method of Cost Recovery: Rental and fee revenues

Examples:

- a. Revenues generated from the permits required under this legislation will be used to fund the personnel needed to carry out the permitting process.***
- b. Money obtained from a local assistance grant will be used to cover the costs of this Summer Food Program.***

This Legislative Request Form Was Prepared By: Deven Judd

TRANSMITTAL FORM FOR LEGISLATION

TO: MAYOR'S OFFICE

ATTN: CANDACE L. BYRD

Dept.'s Legislative Liaison: Anita Williams

Contact Number: 404. 382-2313

Originating Department: AVIATION

Committee(s) of Purview: Transportation

Chief of Staff Deadline: 11/16/12

Anticipated Committee Meeting Date(s): 12/12/12

Anticipated Full Council Date: 01/07/13

Legislative Counsel's Signature: Jonathan Hunt

Commissioner's Signature: [Signature]

Chief Financial Officer: N/A

Chief Information Officer Signature (for IT Procurements) N/A

Chief Procurement Officer Signature: [Signature]

CAPTION

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT TO MASTER CONCESSION AGREEMENT (FC-6007000034) WITH AREAS ARM ATLANTA, JV FOR RETAIL CONCESSIONS 2007, PACKAGE NO. 1, WHICH AUTHORIZES AN ADDITIONAL 4,220 S.F. TO ITS PREMISES DUE TO THE CONCOURSE C AND CONCOURSE D MIDPOINT EXPANSION PROJECTS; AND EXERCISE THE CITY'S OPTION TO RENEW THE MASTER CONCESSION AGREEMENT THREE YEARS, EXPIRING ON SEPTEMBER 30, 2018; TO ALLOW AREAS ARM ATLANTA, JV TO FULLY AMORTIZE ITS INVESTMENT TO DEVELOP THE ADDITIONAL SPACE.

FINANCIAL IMPACT: (if any)

Mayor's Staff Only

Received by CPO: _____
(date)

Received by LC from CPO: _____
(date)

Received by Mayor's Office: 11.16.12 [Signature]
(date)

Reviewed by: [Signature]
(date)

Submitted to Council: _____ (date)